

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**



FILED
03/12/21
04:59 PM

Order Instituting Rulemaking to Oversee
the Resource Adequacy Program, Consider
Program Refinements, and Establish
Forward Resource Adequacy Procurement
Obligations.

Rulemaking 19-11-009
(Filed November 7, 2019)

March 12, 2021

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**COMMENTS OF THE BONNEVILLE POWER ADMINISTRATION ON FINAL
TRACK 3.B1 PROPOSALS**

The Bonneville Power Administration (Bonneville) wishes to comment in support of the final proposal of the California Independent System Operator (CAISO) to reform the Commission's existing resource adequacy program. Bonneville focuses these comments on CAISO's Proposal addressing resource adequacy imports.

Bonneville is the Federal Power Marketing Administration based in Portland, Oregon, which markets nearly carbon-free electric generation from the Federal Columbia River Power System (the federal generation system). The federal generation system comprises 31 hydroelectric dams

and one nuclear power plant. Bonneville also operates the high voltage transmission system of the Pacific Northwest, which interconnects 8,000 megawatts of intertie transmission capacity to California. Subject to statutory requirements to serve its public preference customers and the Pacific Northwest region, Bonneville markets the surplus or excess generation from the federal generation system over the transmission interties to California.

As was demonstrated this past summer, resource adequacy capabilities are a significant component of the reliability of California's electric system. The CAISO proposal describes the importance to California of incenting marketers of clean electricity to participate in the California resource adequacy market.

The CAISO proposal responds to at least two longstanding concerns for the Commission. These are that California must be assured of real physical supply dedicated to its loads at the most critical times of demand, and that California ratepayers be protected from exorbitant prices. At the same time, marketers of clean energy deserve to be fairly compensated for the value of the capacity they hold for California. The CAISO proposal provides safeguards for reliability and would incent clean energy resource marketers to participate in California's resource adequacy market. In these comments, Bonneville will respond to the CAISO's design for resource specificity, attestation, and high priority for transmission delivery.

Resource specificity:

The CAISO proposal provides a workable definition for assuring that specific generation capacity supports resource adequacy contracts. The CAISO would include among the types of imports eligible to provide resource adequacy capacity, "a specified portfolio or aggregation of

resources within a single balancing authority.”¹ This provision allows the combined capabilities of the federal generation system to provide resource adequacy to California. .

As Bonneville has previously informed the Commission, the federal generation system is operated as a system of zero-carbon resources operated in concert to meet its total load obligation (including resource adequacy obligations), and it carries a significant level of reserves. When Bonneville sells capacity and/or energy, it models those sales as firm commitments, removes those amounts from its surplus inventory, and carries reserves to support them. Bonneville’s surplus inventory is the measure used to determine if it is able to commit to additional forward sales. Bonneville continuously updates its surplus inventory amounts to reflect its marketing activities to ensure no commitments are made that are not backed by system capacity. Given the federal generation system’s capacity is over 22,000 MW, specific unit outages have no significant impact on Bonneville’s ability to provide firm energy to fulfill its load obligations. Bonneville’s system is far superior to a single generating resource and more than meets the intent of reliability and availability that the Commission attributes to “resource-specific” imports in its current definition.

Under the CAISO proposal, integrated systems based on multiple generators qualify as resource-specific and thus obtain fair value for the quality and flexibility of their operating capabilities.

¹ CAISO Track 3B.1 Proposals; January 28, 2021; p. 7.

Attestation:

The CAISO proposal provides for the documentation of firm physical supply that is capable of delivery to California as import resource adequacy. The documentation would include certification by the Scheduling Coordinator that:

1. The resource(s) supporting the proposed RA Import is/are:
 - a. Owned by the Load Serving Entity for which the RA Import would provide RA capacity; or
 - b. Contractually obligated by the seller of the resource(s) supporting the proposed RA Import to provide RA Capacity to the Load Serving Entity.
2. The quantity of RA Capacity on the Supply Plan from the proposed RA Import can be provided by the resource(s) supporting the proposed RA Import without securing capacity from additional resources.
3. The portion of the of capacity from the resource(s) supporting the proposed RA Import is surplus to the obligations of that resource(s) to serve load or meet other commitments in the Host Balancing Authority Area.
4. The portion of capacity from the resource(s) supporting the proposed RA Import has not been, and will not be, sold or otherwise committed to any party other than the Load Serving Entity to which the proposed RA Import would provide RA Capacity.
5. Delivery to the CAISO Balancing Authority Area of the RA Capacity shown on the

Supply Plan can only be interrupted because of:

- a. A transmission curtailment;
- b. An Outage on the resource(s) supporting the RA Import; or
- c. Reliability reasons as determined under the Host Balancing Authority Area's

FERC tariff.

6. Transmission service of proper firmness has been reserved for delivery to the CAISO Balancing Authority Area of the proposed RA Import.

Bonneville supports the CAISO proposal for an attestation requirement with the above certifications.

Transmission Deliverability:

The CAISO proposes a requirement for use of high priority transmission for delivery of import resource adequacy resources to CAISO. The requirement includes firm transmission service on the last leg of transmission intertie paths to the CAISO and standards for high priority transmission service upstream of the last legs to CAISO. Bonneville appreciates that the objective of the CAISO proposal is to provide competitive access for import resource adequacy to the benefit of California consumers while ensuring reliable delivery. Bonneville continues to support sound standards for the deliverability of resource adequacy to load and believes that the CAISO proposal is a reasonable approach.

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24x7 Must Offer Obligation:

The CAISO proposed an additional recommendation in its January 28 revision that resource adequacy imports have the necessary contractual availability to meet a 24 hours, 7 days per week must offer obligation to the CAISO market. Bonneville is confident that it can offer resources with this requirement and supports this recommendation.

Conclusion:

Bonneville believes that the CAISO presents a sound solution to improve the ability of California load serving entities to have access to clean Pacific Northwest hydro resources for the benefit of California ratepayers and the reliability of the state's electric system. Bonneville urges the Commission to incorporate the CAISO proposal into its system resource adequacy design.

Respectfully submitted,

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March 12, 2021

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